

to do it right, but we didn't, so we are faced with the Hobson's choice of shutting down the Government or trying to do this bill in the right way with no amendments. I don't consider it a good choice.

Mr. President, I will vote for the bill. I do not think this is the Senate's finest hour. I do believe the Senate majority leader made an effort. I think he heard the merits of our bipartisan amendment with 27 sponsors. I hope he will, as he has promised, work with us to get the full funding of these military construction projects in the supplemental appropriations bill. However, we have the chance right now. I hate to give up the bird in the hand for one that might see some delays, that might see many changes. I will be right on top of it. As the ranking member of this subcommittee, I will certainly expect that we have the ability to amend the appropriations bill that comes forward as a supplemental, just as we have always had in this body. I hope we will not have to worry that we are going to have a filled up amendment tree and cloture filed on the supplemental appropriations bill.

We can do business the right way in the Senate. We have for most of the years of this great institution. I will be disappointed if we start seeing us bring bills to the floor and not allow amendments—there is no reason to have 100 Members if that is the way we are going to do business. We could just have 51 or we could just have 1 if all the decisions are going to be made in that fashion.

That is not what the Constitution intended, and I hope it is certainly not what the new majority intends as a way to do business.

I am going to hold out hope that the word is kept, that we can have the amendment process, that we can fund the military construction projects that are so important for quality of life and training capabilities for the great men and women who are serving our country and putting themselves forward to give up their lives, if necessary, for freedom for future generations of Americans.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 2007

The PRESIDING OFFICER. Under the previous order, the Senate resumes

consideration of H.J. Res. 20, which the clerk will report.

The legislative clerk read as follows:

A joint resolution (H.J. Res 20) making further continuing appropriations for the fiscal year 2007, and for other purposes.

Pending:

Reid amendment No. 237, to change an effective date.

Reid amendment No. 238 (to amendment No. 237), of a technical nature.

Motion to recommit the bill to the Committee on Appropriations, with instructions to report back forthwith, with Reid amendment No. 239, to change an effective date.

Reid amendment No. 240 (to the instructions of the motion to recommit), of a technical nature.

The PRESIDING OFFICER. The Senator from Iowa.

ALTERNATIVE MINIMUM TAX

Mr. GRASSLEY. Mr. President, I think it was 48 hours ago I opened a discussion with my fellow Senators on the alternative minimum tax. As I pointed out at that time, it is generally recognized that the alternative minimum tax is a policy failure.

Created in 1969, in response to the discovery that 155 wealthy taxpayers—and let me emphasize that I am talking about 155 wealthy taxpayers—were able to eliminate their entire tax liabilities through legal means, the AMT has now evolved into a place where, because it wasn't indexed, it has captured more than 3 million middle-class Americans as of 2004. The AMT was never supposed to affect anyone except the very wealthy people.

I am using 2004 numbers because 2004 is the most recent year we have completed data. Three million people in that year were hit by AMT, even though since 2001 we have had in place a tax policy that no additional people should be hit by the alternative minimum tax.

At the time I was visiting with my colleagues 2 days ago, I cited the widespread observation that the most significant structural flaw afflicting the AMT is the failure to index its rates and exemptions for inflation. This failure, then—and I alluded to this a minute ago—has resulted in the gradual encroachment of the alternative minimum tax to hit middle-class taxpayers who were never intended to pay this tax.

Despite the widespread agreement that something needs to be done with the alternative minimum tax, agreement on what exactly to do is not so widespread. A major factor in the disagreement relates to the massive amount of money the alternative minimum tax brings to the Federal Government. In 2004, from these 3 million taxpayers hit by this tax, more than \$12.8 billion was paid into the Federal Treasury. If we don't extend the most recent alternative minimum tax hold-harmless that actually expired at the end of 2006, the amount paid by those 3 million taxpayers is expected to balloon to a much greater amount. And, of course, when you go beyond that, into

the long-term budget forecast, it is going to continue to grow and grow, with middle-class taxpayers paying a tax that was meant to be for 155 wealthy people.

When forecasters put their projections together, they are working under the assumption that the hold-harmless that was extended in last year's tax bill will not be extended because they base their assumptions on current law. This means the hold-harmless provisions ended December 31, 2006, and money being earned right now is going to hit millions more people.

People who guesstimate how much money comes into the Federal Treasury—and we have people both in the executive branch and the legislative branch who have that as their responsibility, so we can make good tax policy—take into consideration what is current law, and they are planning on these millions of middle-class taxpayers paying this alternative minimum tax, even though they were never intended to pay it. Because of this, budget planners make the assumption that revenues will be much higher than everyone who is frustrated with the AMT thinks that amount of money ought to be, as well as the number of people who are going to be paying it.

The reason for that is the alternative minimum tax tremendously balloons the revenue base, as it is projected to increase revenues as a percentage of gross domestic product. There is a great deal of evidence to support this.

On a side note, a senior, well-respected tax lawyer on the other side of the aisle in the other body took exception to my use of the term "ballooning." The staffer wrote an article and criticized me for that term. Well, I am not used to staff writing articles criticizing Members of Congress, so I happened to respond to that staffer's criticism through my own staff. The essence of the senior staffer's criticism was that the term "ballooning" ignored the accounting for the interaction of bipartisan tax relief with AMT costs. As we pointed out, ballooning revenue from the AMT occurs in the outyears, whether the bipartisan tax relief is extended or made permanent. I will talk more about that in a few minutes.

The nonpartisan Congressional Budget Office has consistently forecast this ballooning year after year. This chart which I have before me now for you to look at, reproduced from the Congressional Budget Office's long-term budget outlook, was published in December 2005 and shows how Federal revenues are expected to push through the 30-year historical average and then keep going up.

You can take that historical average back 30 or 40 years for sure, and maybe longer than that, but the historical average is here and current law is actually going to bring in this much revenue, and that includes the ballooning of the alternative minimum tax.